

Affordable Housing Developer Meeting

July 8, 2021

LSC

Development

Preservation

Affordability

Meeting Agenda

- Welcome & Introductions
- Housing Trust Fund
- Charlotte Housing Opportunity Investment Fund
- Proposed RFP Schedule
- Charlotte Refugee Housing Needs
- Developer Comments & Input



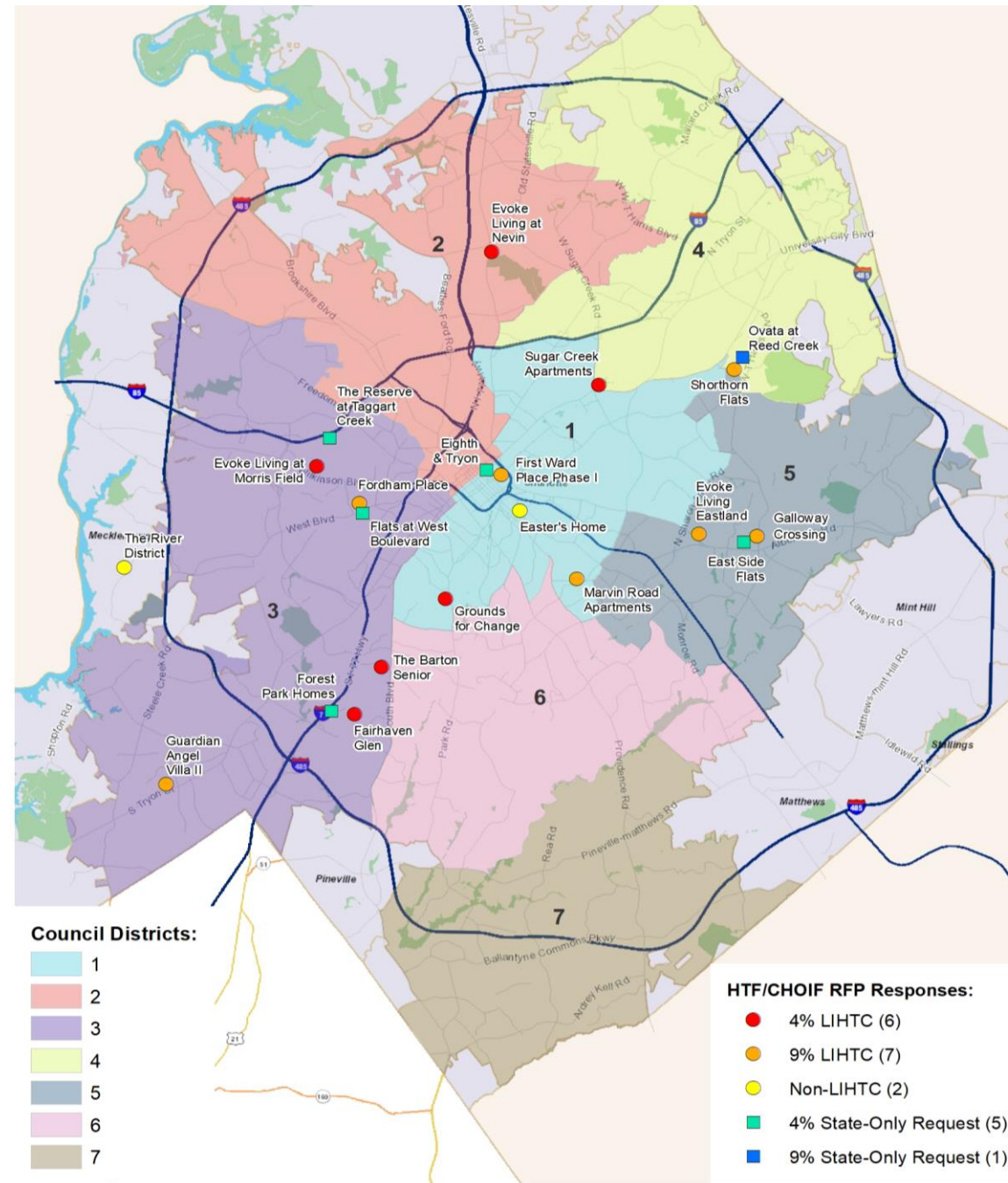
Housing Trust Fund

- ◀ Established in 2001 to create new and preserve existing affordable housing
- ◀ voter-approved general obligation bonds
- ◀ Since 2002, \$203M approved for over 9,000 units/beds
- ◀ Incorporate Housing Task Force recommendations into *Housing Charlotte Framework*



Affordable Housing Funding Support Requests

April 2021



Housing Trust Fund (Cont.)

Housing Task Force Recommendations

Updates the Housing Charlotte Framework

◀ **Allocation Targets** *(Reevaluate after each RFP round based on demand)*

New construction of affordable rental housing, including supportive housing	60%
New construction of affordable for-sale housing	10%
Rehabilitate and preserve affordable rental housing, including NOAHs and supportive housing	30%

◀ **Types of developments**

- LIHTCs (4% & 9%)
- NOAHs
- Rental Acquisition & Rehab
- SROs/Special Needs
- Homeownership

INTERNAL CITY PARTNERS

- **Charlotte Water**
- **City Planning Department**
- **Charlotte Business INClusion (CBI) Policy:**
 - CBI program promotes diversity, inclusion, and local business opportunities in the City's contracting and procurement process for Minority-owned, Woman-owned, and Small Business Enterprises (MWSBEs) with a significant business presence in the Charlotte Combined Statistical Area.
 - Participation of certified MWSBEs on City-funded contracts towards a Subcontracting Goal, MWSBEs must meet both the certification and geographic requirements as detailed throughout solicitation and in the CBI Policy.
 - Requirement to submit CBI MWSBE Utilization – Payment Affidavit-Subcontractor/Supplier
 - Requirement to participate Developer and GC Compliance Training

HTF Evaluation Criteria

◁ City Policies

- *Number of years affordable*
- *Neighborhood displacement and revitalization*

◁ Development Strength

- *Number of affordable units*
- *Income: 60% or less Area Median Income*
- *Use of PBV's*

◁ Developer Experience

- *Developer track record*
- *Property Management*
- *Maximum of two HTF awards*

◁ Financial Strength

- *Leverage of city funds*
- *City investment per unit*

HTF Evaluation Criteria (Cont.)

◀ Market Study/Compliance

- *Proposed site*
- *Demand and capture rate*
- *Compliance Monitoring*

◀ Community Engagement

- *Convene at least two neighborhood meetings to present proposed development to community*

◀ Site Score:

- *Proximity*
- *Access*
- *Change*
- *Diversity*

What's New with HTF?

- ◀ **City Council Districts 6 & 7 award limit adjustments**
- ◀ **Construction cost increase adjustment**
- ◀ **Developer covering closing costs legal fees**
- ◀ **Homeownership gap financing flexibility**
- ◀ **Homeownership minimum unit adjustment**
- ◀ **Source of Income Discrimination (SOLD) language**



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Charlotte Housing Opportunity Investment Fund

July 8, 2021



What is the Charlotte Housing Opportunity Investment Fund? (CHOIF)

- \$43 million fund - closed to date
- Create and preserve affordable housing
- Families earning 30- 120% of the area median income.
- Promoting stable housing and economic mobility across the income spectrum.

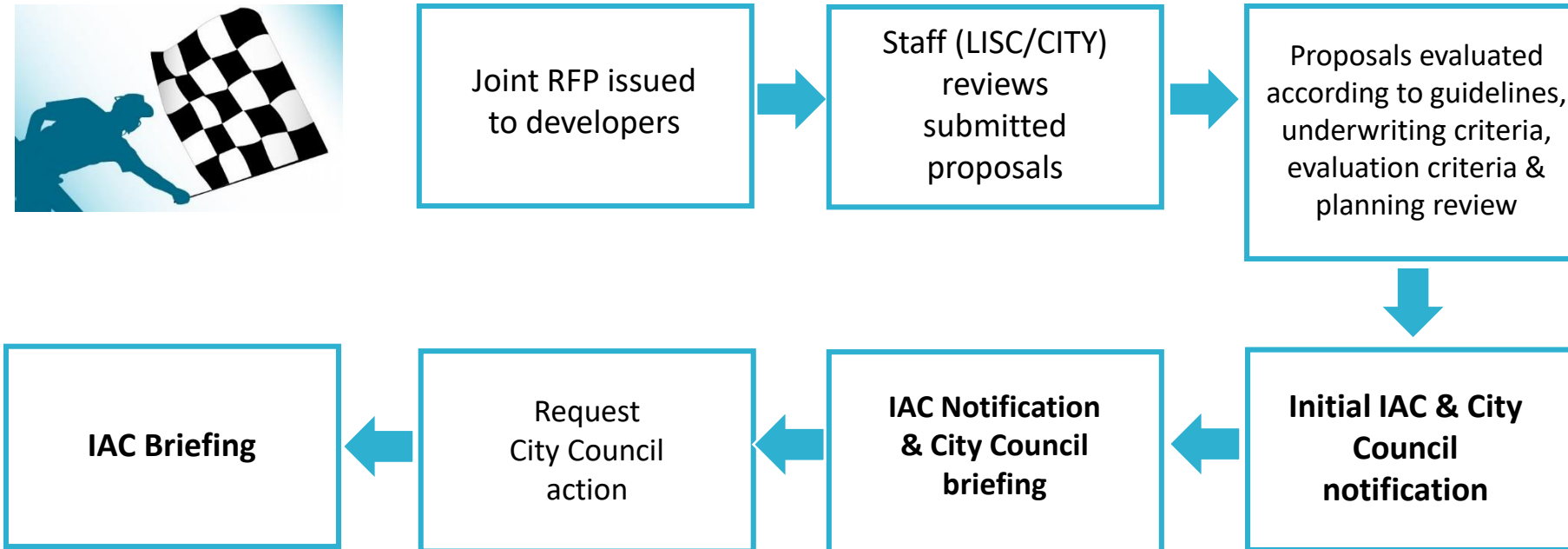
The investor capital for the fund consists of loans, equity investments, and grants, provided by a range of committed Charlotte businesses and foundations.



What is the Charlotte Housing Opportunity Investment Fund? (CHOIF) continued...

- By combining CHOIF funding with conventional bank debt, this fund is seeking to produce approximately 1,500 mixed-income units.
- Affordability Targets are (i) a minimum of 20% of the units for families earning 30% AMI; and (ii) a minimum 50% of the units for families earning up to 80% AMI.
- CHOIF will offer favorable terms on subordinate debt and preferred/common equity investments.
- The lower interest debt will enable the fund to meet its mission of providing affordable housing to a variety of income bands—including very low-income residents, who are some of the hardest to reach without subsidies.

Request For Proposal Review Process



What CHOIF is

- ✓ Private Investment Fund
- ✓ Professionally Managed by LISC Fund Management, LLC
- ✓ Low Cost Equity
- ✓ Debt with some recourse

What CHOIF is Not

- ✗ Grant
- ✗ Soft money
- ✗ HTF
- ✗ Cash-Flow contingent

CHOIF's Products

1. Equity

- Can be up to a 5% IRR
- Common or Preferred Equity
- Major Decision rights
- Pledge of LLC ownership (if Preferred Equity)
- Not suitable for LIHTC investment
- Target DSCR > 1.5x

2. Debt

- Rates up to 3.75%
- Full IO or IO to amortization (subject to underwriting)
- Will require some form of recourse (corporate/parent guaranty)
- Accept low DSCR's
- All LIHTC projects are debt
- Min DSCR > 1.10x



* Terms and Benefits will adhere to QAP required limits if underlying project utilizes LIHTC

CHOIF Underwriting Guidance

Guidelines by product are provided in more detail in the RFP

- Projects need to show the ability to return cash flow on a monthly basis
- Exit analysis should assume a minimum 6% cap rate on forward NOI with a 70% Loan-to-Value. Ensure tax abatement is taken into consideration for NOI assumptions
- 1% Origination Fee
- CHOIF is senior to HTF when investing as debt
- CHOIF's investment, including the construction period cannot exceed 18 years



Housing Trust Fund

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Charlotte Housing Opportunity Investment Fund

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HTF/CHOIF RFP Schedule Summary

Milestone	Dates
Post RFP	July 9, 2021
Proposal Submission	August 9, 2021
Planning Approval Process	August 13, 2021 – August 25, 2021
Market Study Due Date	August 31, 2021
Final Planning Support Letter	September 6, 2021
City Council Approval	September 27, 2021

New Apartment Partnership

Refugee Housing Needs



Two Refugee Resettlement Agencies:

Carolina Refugee Resettlement Agency and Catholic Charities

Potential Combined Need of up to 300 units annually: A mix of studio, 1, 2 and 3bds

Benefits of Leasing to Refugees:

- **All Refugee Arrivals Receive Intensive Case Management that includes:
Housing Support, Ongoing Cultural Orientations, and Employment Placements**
- **Initial Financial Support Provided and Managed by the Resettlement Offices
during the first 90-180days**
- **All Refugees Receiving Services with Resettlement Offices have been
Authorized to Legally Enter the United States**

Developer Comments & Questions